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July 2, 1998

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20054

1998

Re: CC Docket Nos. 96-45, 97-160, DA 98-715, Federal State Board on Universal Service

Dear Ms. Salas:

GTE is conducting a series of meetings with members of the Federal State Board on Universal Service. On June 24, we met with Ms. Martha Hogerty; on June 25, we met with Commissioner Pat Wood, and on June 29, we met with Commissioner Laska Schonefelder. On each occasion we discussed the issues included in the attached material, more specifically the appropriate size and collection mechanism of the federal universal service fund. Involved in the meetings for GTE were, variously, myself, Dean Foreman, Ed Beauvais. Mark Sievers, Karl Erhart, Carolyn Little, and Robert Cook.

In accordance with Section 1.1206(a)(2) of the Commission's Rules, 47 C.F.R. section 1.1206(a)(2) (1991), please include this letter in the record of the above proceeding. Please contact me if you have any questions.

Sincerely

Alan Ciamporcero

Attachments

No. of Copies rec'd 0+1
List A B C D E

GTE
A SUMMARY PROPOSAL FOR AN ECONOMICALLY SOUND INTERSTATE UNIVERSAL SERVICE FUNDING MECHANISM

June, 1998

There has been an evolving discussion since the passage of the Telecommunications Act of 1996 as to the desirability and necessity to create and sustain a funding mechanism for an ongoing interstate universal service fund. Such a debate has both economic and political implications at the federal level and at the state level. GTE has been an outspoken participant in these discussions, as it believes the outcome will be an absolutely key determinant of the degree of local exchange competition, as well as the nominal prices customers will pay for telecommunications services. While the brief summary of GTE's recommended universal service funding mechanism in this white paper addresses itself to the interstate component of the problem, a corresponding solution must also be developed on the state side.

Current Universal Service Support Implicit in Today's Rates

Universal service support today is provided through a combination of explicit support from existing state and Federal mechanisms, and implicit support from the rates for other services, such as access, long distance, and vertical services.

- The chart titled "GTE's Universal Service Support By Service" provides an overview of where universal service support comes from, and where it goes, for GTE's serving areas in 28 states.
- The yellow coded bars on this chart show the contribution generated by each major service category (revenue minus TSLRIC cost) at today's rates. As can readily be seen, interstate switched access, intrastate access, intraLATA toll, and vertical services each

provide large contributions — based on markups of severa hundred percent over the direct cost. In contrast, residence local service has a large negative contribution.

- For comparison purposes, "GTE's Universal Service Support By Service" bar chart also shows the contributions that each category would generate if rates were rebalanced to yield the same revenue as are generated by current prices, but with a uniform markup over direct cost across all the service categories. Such support levels are indicated by the vertical-lined blue bars. These provide a reference point for "cost-based" competitively-sustainable rates which reflect the underlying TSLRIC costs, but which are also consistent with the current overall price level. The difference between the current rates and these "cost-based" rates is a measure of the purposeful market intervention produced by the regulatory process — the amount of support each category of service generates or receives.
- As indicated on the chart by the solid blue bar in the interstate access category, GTE currently receives explicit support from the current Federal high cost fund of approximately $90 million annually.
- There are several points which can be drawn from an examination of the current pattern of support flows as indicated on this chart:
  * The current flow of support - from all sources - is very large and is very large on purpose. The difference between the rates local customers actually pay, and the rates they would pay if rates were rebalanced, is almost $23 per line per month. Interstate access alone provides about $1.2 Billion of implicit support for GTE. For the industry as a whole, it's about $6.3 Billion. The implication is clearly that to sustain current support flows without affecting the nominal prices of current local services, a sufficient level of federal universal service support must equal or exceed the level of support implicit in today's services.
  * Of the support being provided today, most is implicit in the current prices, rather than being explicit as called for in the Telecommunications Act. GTE is the largest single recipient from the current high cost fund, yet that accounts for only 7% of the total support GTE generates from interstate sources.

* A number of parties to the current debates as to whether the exp licit universal service fund should be large or small ignore the simple fact that :urrent public policy to establishing prices by design results in the telecommun cations industry having a large fund today, when we properly include both explicit and implicit support.

* Finally, if consistent costs and revenues are used, it ought to be possible to examine the question from either the source of support or the recipient of support and get a reasonably consistent answer. That is, if we compare the revenues and costs on the right hand side of the chart, we should find a shortfall that roughly corresponds to the additional contribution being generated by the services on the left hand side. GTE's analysis does this. To arrive at a different answer, one must either ignore one component of the system, or assume a radically different, unrealistic cost level. Parties in the debate over the necessity of a universal service funding mechanism have done one or the other, or both.

Why We Need to Change the Current System

As GTE has pointed out, the current situation with very strong reliance on support flows from other services, principally access, toll, vertical and large business services, was not arrived at accidentally. There were deliberate public policy decision made by both the FCC and state bodies which led to the current pattern. So why should such public policy not continue with this system?

– First, if public policy continues without change, it is extraordinarily unlikely that the market will ever produce competitive alternatives for most local customers, especially residential consumers. Refer back to the "Support By Service" chart; Look at the right-hand bar on the chart for residential local service customers, and ask yourself "if you could readily enter the market for toll and also for switched access services without incurring the costs for providing local service to these customers, would you want to enter this line of business?" Carriers will focus their efforts on the customers who have high volumes of the services on the left, and provide local service only to the extent it is necessary to attract those customers. As indicated on the chart titled "Contribution By GTE's Texas

Residential Segments", an analysis of GTE's residence customers in Texas shows that a carrier would be unable to cover its costs on 78% of those customers - even if that carrier's costs were based on the very low interim UNE rates approved by the Texas Commission, and *even if we include the revenue for all of the telecommunications services those customers buy*. At GTE's estimates of its costs as compared with those adopted by the Texas Commission, an even larger proportion of the residential customers would be unprofitable. Many people have complained that the Act is not working to promote local competition. This is not quite accurate. The Act works very well to promote local competition where new entrants find such entry profitable. However, for the majority of residential consumers of basic exchange service, there is no reason to expect the Act to work if public policy decisions leave the current subsidized rates in place.

Even if the current implicit support mechanism could somehow be maintained, why would sound public policy designed to foster competitive incentives wish to do so? The current implicit support cannot be made portable to other carriers, as required by law, so as long as we rely on this implicit approach for support. In addition, reliance on the current public policy mechanisms results in walling off three-quarters of the local residential and many small business customers from the benefits of competition. Sufficient, explicit support would correct the price signal to new entrants, because it would attach enough revenue to the provision of local service to make it a reasonable business proposition for an entrant.

- Second, as the Federal Communication Commission has recognized, competition will inevitably eliminate the implicit support currently embedded in the prices on the left hand side of the previous chart.

- Third, the large implicit fund we have today is very inefficient. Many customers are "contributing" to universal service at very high rates; Contribution rates which are readily avoidable as well as entrants take advantage of unbundled network elements and

alternative dedicated access arrangements. The offsetting reductions in access made possible by sufficient support would allow significant reductions in long distance charges. **Fortunately, the funding to support universal service is already in the system.** The total revenue on the charts does not need to be altered or increased - the need is for an economically sound mechanism(s) to rearrange the sources of the revenues.

- Finally, continued reliance on implicit support is not permissible under the 1996 Telecommunications Act. Section 254 requires that all carriers contribute to universal service on and equitable and nondiscriminatory access. Contributions which are generated on a selective basis, as is done under current public policy decision, in some rates for some carriers, are not equitable and nondiscriminatory. Likewise, the continued reliance on such implicit support for universal service in existing pricing arrangements fails utterly to make such contributions explicit, also as called for in the Act.

Goals for the Federal Universal Service Mechanism

The Federal Communications Commission need not — and should not — adopt a Federal universal service mechanism that is sufficient to address the entire problem depicted on the charts. Much of the current implicit support comes from state rates today, and should be replaced by state rebalancing of service pricing or by explicit state funding, or some combination. What amount of support must the Federal mechanism supply in order for the overall result to be sufficient? GTE has offered three objectives, or targets, the Federal plan must satisfy:

* First, the Federal plan should be sufficient to replace the current flow of implicit support from interstate access. GTE has estimated this flow at $6.3 Billion annually for nonrural incumbent local exchange carriers ("ILECs"). This includes the current recovery of those carriers' contributions to the school and library fund; if that amount were recovered through a separate mechanism, the remaining implicit support would be about $5.2 Billion.
* Second, the Federal plan should provide a certain amount of new explicit support to states with very high costs and/or low funding bases. This amount should be chosen to strike a balance between high and low cost states.

* Third, the new Federal plan should replace the explicit funding provided to nonrural ILECs by the current high cost fund, which is about $217 million. The new fund should do no harm; support which is already incorporated in state rates should not be removed.

Calculation of Federal Support

GTE recommends that the Commission determine Federal universal service support on the basis of as small a geographic area as practical. For each area, the estimated cost should be compared to a sliding scale of benchmarks, with an increasing percentage of Federal support above each successive benchmark. This is a more general form of the two-benchmark plan US West has proposed.

- The benchmarks and percentages should be chosen to produce a Federal plan that meets the objectives GTE has outlined above. There is no particular benchmark that is reasonable *a priori*; in the context of a public policy approach here, a set of benchmarks and percentages is reasonable if it produces a reasonable result.
- It is vital that the Commission choose its cost model platform and inputs before it finalizes its choice of benchmark. Otherwise, the Commission cannot assure itself that the plan will produce a reasonable outcome.
- Because the Commission has not yet specified either the model or the inputs, GTE cannot give you an unqualified recommendation of specific benchmarks and percentages at this time. However, an example will serve to illustrate the approach: a plan with three benchmarks at $20, $25, and $40. The Federal plan would provide 25% of the support over $20, 50% of the support over $25, and 100% of the support over $40. GTE has evaluated this plan using the BCPM model (version 3.1) and the staff's common inputs. This plan would produce about $5.7 Billion in Federal support annually.

GTE recommends that the Commission continue with an approach based on a cost model and benchmarks, as such an approach would target support on the basis of relatively homogeneous small areas with respect to cost of service. However, it is clear that the cost models being considered by the Commission cannot be relied upon to produce entirely reliable estimates at this

point. If the results for the plan just outlined above are compared, we see very large differences between the two models under active consideration - BCPM and HAI. As an example, the BCPM estimates 40% more support than the HAI model nationwide, but 51% less support in Arkansas. In Puerto Rico, BCPM would provide 271% more support than HAI. If we look at smaller areas, the results bounce around even more; the two models don't even support the same wire centers. Even if the Commission can make a choice among these estimates, how can it have any confidence that the results are reasonable? Actual costs are a better metric for sizing universal service support than the cost estimates produced by these cost models currently.

That is why GTE strongly recommends that the Commission adopt the three objectives outlined herein. They provide a clear set of external, objective measures that will allow the Commission to judge whether the results produced by a given calculation are reasonable. If the results do not satisfy the objectives, then the benchmarks and percentages should be adjusted until they do. If the targets cannot be achieved using reasonable benchmarks and the costs estimated by the model, then the model must be underestimating the cost.

The FCC's actions in establishing the Federal fund must be consistent with its actions in access reform. It would be insufficient to replace $5.2 billion of implicit support with a $1 billion fund. *If, on the other hand, the Commission determines that the implicit support amount in access is less than GTE has estimated herein, then it also has determined that a higher level of access charges than the one GTE has assumed is reasonable and competitively sustainable over the long term.*

Application of Federal Support

The support generated by the Federal fund should be applied toward the three objectives, using a "cascading" approach similar to the on the Commission has applied to common line charges:

- The support should first be used to replace the current high cost funding each nonrural ILEC receives
- Any net increase in Federal support should be applied toward reductions in interstate

switched access. This should continue until the per-minute rate has reached some reference level; GTE has used $.008 per minute in its calculations.

- Any amount remaining after the interstate access offsets have been made should be provided to the states. The benchmarks and percentages should be chosen to ensure that the support amount is sufficient for these purposes, and to achieve the desired distribution of support to the states where it is needed.

GTE has proposed the use of a sliding scale of benchmarks and percentages because one or two benchmarks will not provide the Commission with enough policy variables to ensure that all of its objectives are met.

Contributions and Recovery

GTE proposes that the funding needed for the Federal plan should be generated through a uniform percentage surcharge *on both state and interstate retail revenues*. For the illustrative plan GTE has outlined herein, a surcharge of about 3% would be sufficient to raise the necessary funds. Because interstate access provides a disproportionate share of implicit universal service funding today, it simply is not possible to eliminate that implicit support, and generate the necessary explicit funding, on a base of interstate revenues alone. As a matter of consistency and for similar reasons, GTE also proposes that states should base their funding mechanisms on both state and interstate revenues. In this way, both the Federal and state plans will have the largest possible funding base, and hence the lowest possible contribution rate, and all carriers and services will pay on the same basis, at the same rate.

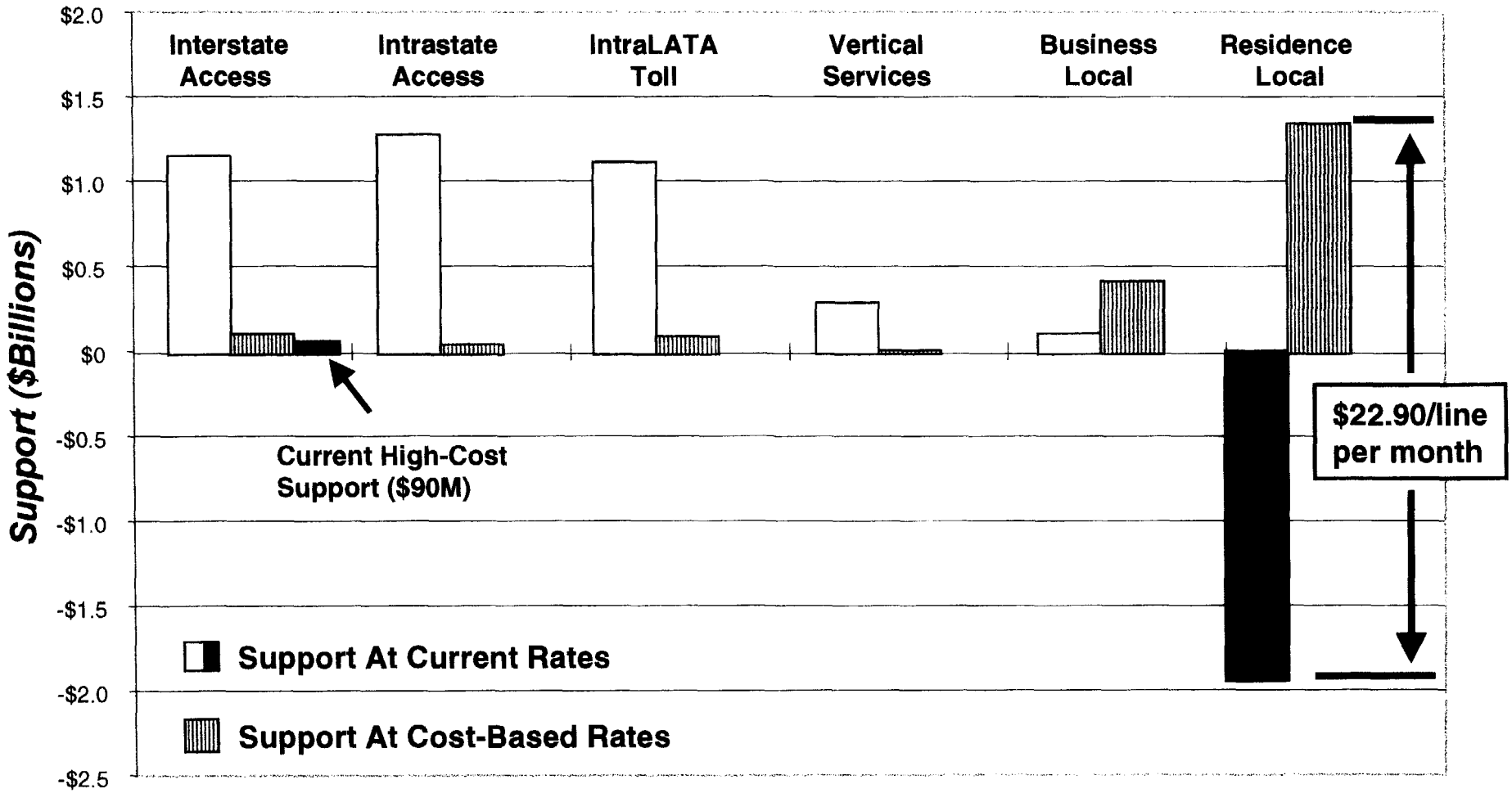
Effects on Customers

The explicit fund GTE proposes does not create any new universal service funding; it simply replaces what is now implicit with explicit support. The new explicit fund will be more efficient, more sustainable, more fair, and more neutral than the implicit support currently relied upon by public policy support mechanisms. Instead of selectively burdening some customers with very high implicit contributions, it would require every customer to pay a modest

surc ıarge of about 3% for federal support purposes - an amount which is unlikely to threaten affo dability for anyone, especially when combined with available lifeline programs. Customers wou'd benefit from an immediate reduction in long distance charges of about 13%. And, because the new support would be portable, the majority of local customers would become more attractive to potential entrants, so that they will no longer be excluded from the benefits local competition can bring.

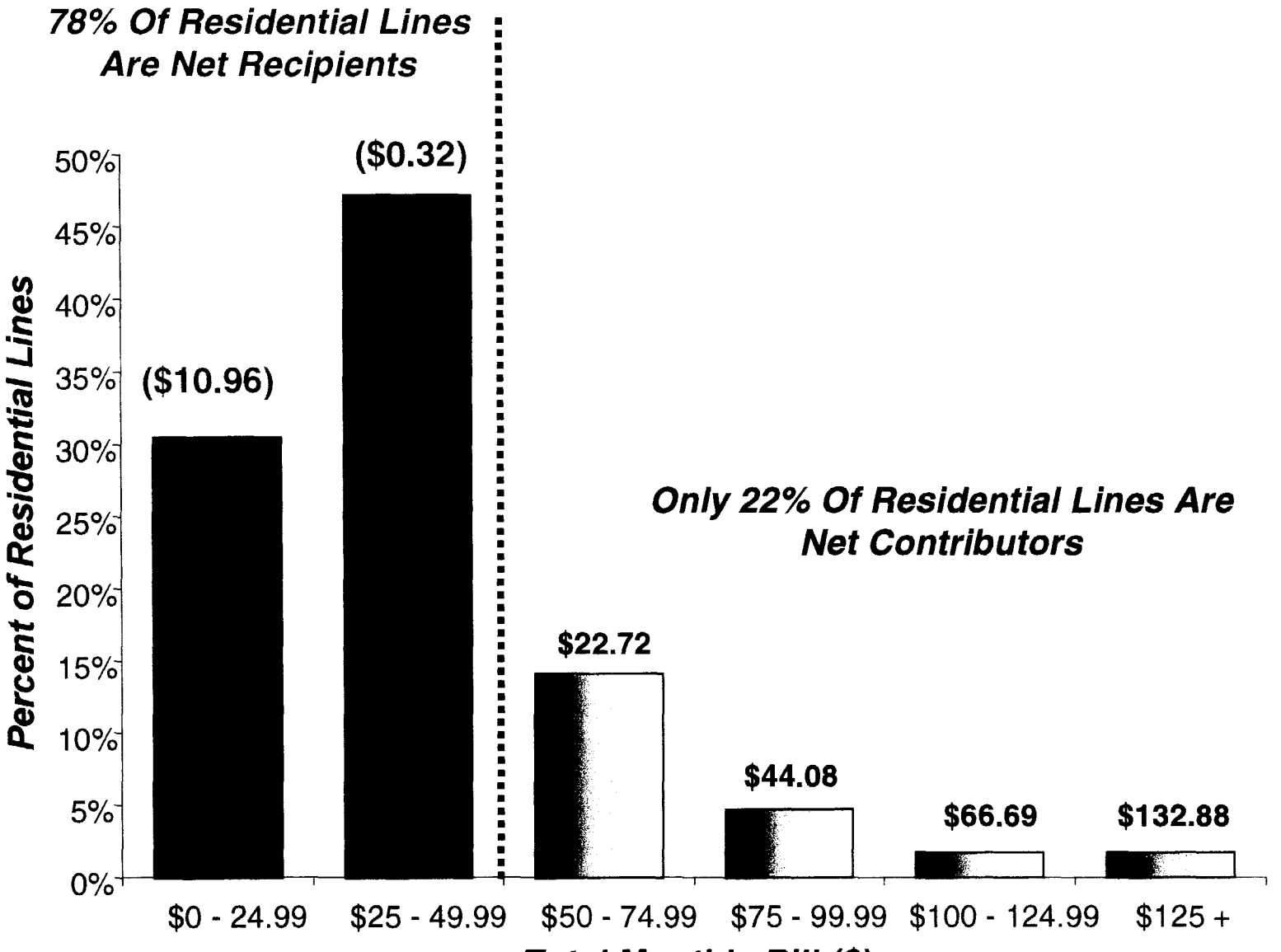
In sum, there is no economically reason public policy should shrink from adopting a new, explicit fund which is sufficient to do the job. Rather than asking how long can public policy be relied upon to jury-rig the old, inefficient system, policy decision makers should be moving ahead to adopt a new approach that will produce a wide range of benefits for consumers. The plan put forth here by GTE accomplishes these objectives.

GTE's Universal Service Support By Service



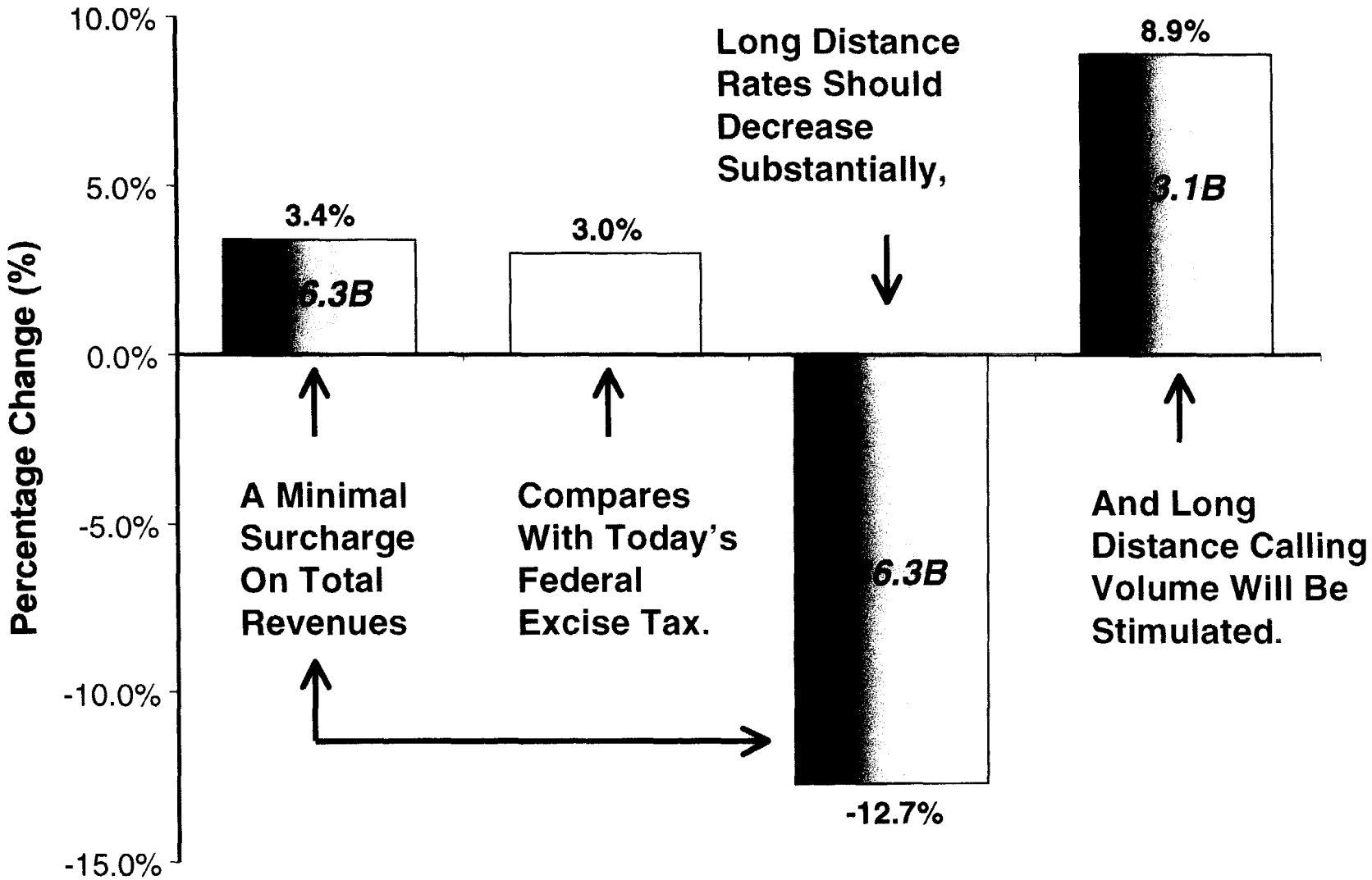
* Interstate contribution excludes EUCL charges

Contribution By GTE's Texas Residential Segments



* Costs Based On TX-PUC Interim UNE Rates;
Total Bill Includes Local, EUCL, Access, Toll, And Vertical Services.

What Is The Impact Of A $6.3 Billion Interstate Fund?



* Assumes total telecommunications revenues of $190B; average access common line rate of 2.2 ¢/min; cost-based access rate of 0.8¢; average toll revenue 18¢/min.; ratio of access to toll minutes 2 to1; toll price elasticity of demand equals -0.7; total access min. for non-rural companies of $450B based on 1998 price cap TRP filings.

GTE UNIVERSAL SERVICE PLANNING TOOL – INTRODUCTION

Welcome to GTE's tool for estimating the effects of alternative federal high-cost universal service plans. This tool enables the user to compare the funding requirements for two plans selected by the user. The tool is in Microsoft Excel 97 format. To use the tool, simply:

1. Go to the "Make Selections" tab and follow the instructions in Sections I and II.
2. After making your selections, you may switch to the tabs for numerical and graphical results. The numerical results are updated automatically and may be printed from that tab at any time.

   To update the graphical results, please go to the "Graphical Results" tab and click on the button in the upper right-hand portion of the page; the button is labeled in red text as "After making selections, press here to update graphs."

All printing areas and settings have been made for you. To print the numerical or graphical results, press the Excel print icon when you are within either of the two tabs. Pressing the print icon will print the sheet at which you are looking.

Notes

- The tool enables you to select up to three benchmarks in a custom plan and to specify the FCC funding percentages above those benchmarks. To analyze a plan with only one or two benchmarks, select equal benchmark levels. When two benchmarks are equal, the FCC funding percentage equals that chosen in the higher numbered item, e.g., if the "Lower Benchmark" and "Middle Benchmark" both equal $25, the FCC funding percentage associated with the Middle Benchmark will be the one that is used in the calculation.

- A separate sheet labeled "Manual Override State Parameter" enables the user to alter any selected parameter for a specific state in one plan of the user's choice.

Inputs And Methodology

1. The tool uses costs estimated using BCPM 3.1, HAI 5.0, and FCC-specified common inputs. These values may differ from GTE's own estimates of its costs. The results for each universal service planning scenario will depend on the cost model platform and inputs chosen by the Commission.
2. Direct output from the cost models corresponds to fund sizes at the following benchmark values: FCC plan (31/51), 20, 22, 25, 27, 30, 42, 46, 47, 50, 60, 70, and 80. A benchmark run of 40 is included additionally for HAI 5.0.
3. Benchmark values that do not correspond to direct model output have been estimated by linear interpolation from the nearest output values.
4. Since the BCPM outputs correspond mainly to levels where the business and residential benchmarks are the same (e.g., $20), the effect of a difference between the residential and business benchmarks is estimated using the average relationship that exists between the FCC's 31/51 res-bus plan and the 31/31 res-bus plan. An adjustment factor of 81.9% is applied. In HAI 5.0, the corresponding factor equals 97.84%.

Universal Service Plan Comparisons Between Two Plans Of Your Choice

I. Please select a cost model and plan to examine or to serve as a basis for comparison (PLAN A):

Highlight A Proxy Cost Model: BCPM 3.1 / HAI 5.0

Highlight Plan A: Custom Plan / FCC Plan (25% Above Res 31 Bus 51) / Benchmarks: (20/30/50), FCC Percent: (10/25/100) / Benchmarks: (20/25/45), FCC Percent: (25/50/100)

If you selected a custom plan, please choose the following parameters for a custom Plan A.
Otherwise, please skip down to select Plan B in section II.

The graphic below of the THREE benchmark plan depicts items (2) - (7).

1) Do you wish to have different benchmarks for residential and business customers? Yes / No

2) Lowest Benchmark Level: 20 / 21 / 22 / 23

3) Federal Funding Percentage Above Lowest Benchmark Up To Any Higher Benchmark Chosen: Increase / Decrease — 25%

4) Middle Benchmark Level: 23 / 24 / 25 / 26

5) Federal Funding Percentage Above Middle Benchmark: Increase / Decrease — 50%

6) Highest Benchmark Level: 40 / 41 / 42 / 43

7) Federal Funding Percentage Above The Highest Benchmark: Increase / Decrease — 100%

II. To make a comparison with Plan A, please select Plan B from the following:

Highlight A Proxy Cost Model: BCPM 3.1 / HAI 5.0

Highlight Plan B: Custom Plan / FCC Plan (25% Above Res 31 Bus 51) / Benchmarks: (20/30/50), FCC Percent: (10/25/100) / Benchmarks: (20/25/45), FCC Percent: (25/50/100)

If you selected a custom plan, please choose the following five parameters for a custom Plan B.

1) Do you wish to have different benchmarks for residential and business customers? Yes / No

2) Lowest Benchmark Level: 20 / 21 / 22 / 23

3) Federal Funding Percentage Above Lowest Benchmark Up To Any Higher Benchmark Chosen: Increase / Decrease — 25%

4) Middle Benchmark Level: 23 / 24 / 25 / 26

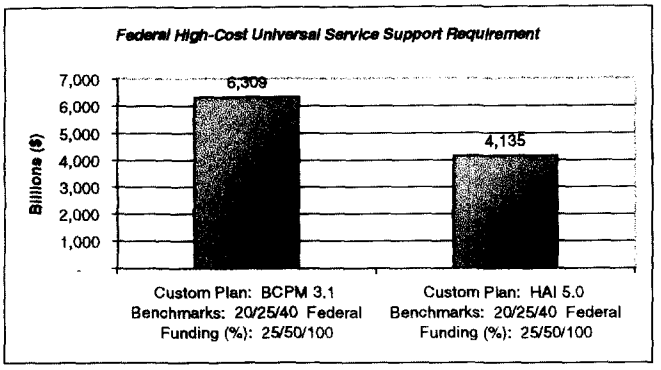
5) Federal Funding Percentage Above Middle Benchmark: Increase / Decrease — 50%

6) Highest Benchmark Level: 40 / 41 / 42 / 43

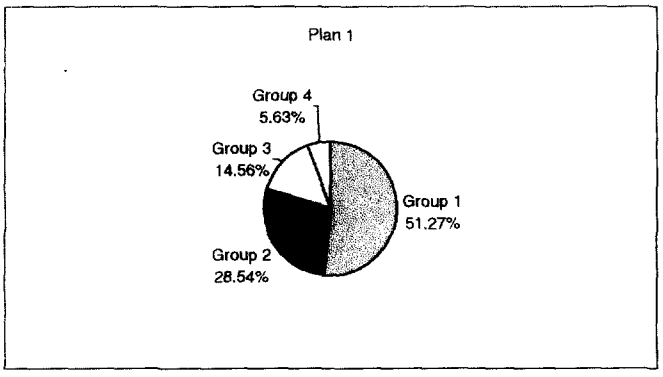
7) Federal Funding Percentage Above The Highest Benchmark: Increase / Decrease — 100%

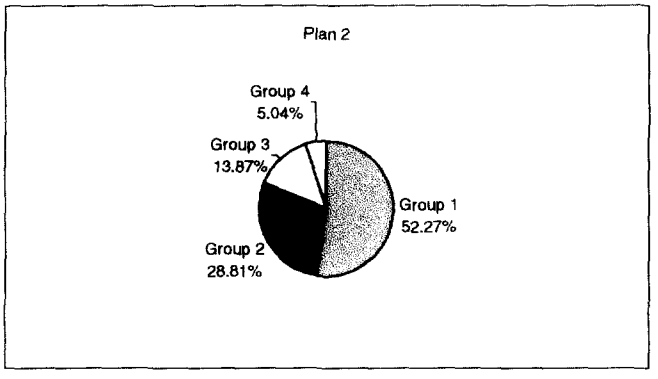
Federal High-Cost Universal Service Support Requirement - Results Comparison

	Plan A: Custom Plan BCPM 3.1 Benchmarks: 20/25/40 Federal Funding (%): 25/50/100		Plan B: Custom Plan HAI 5.0 Benchmarks: 20/25/40 Federal Funding (%): 25/50/100		Comparisons	
State	Amount	Percent of Total	Amount	Percent of Total	Difference (A - B)	Percentage Diff.: (A-B)/(B)
AK	1,959,104	0.03%	3,456,623	0.08%	(1,497,518)	-43%
AL	185,747,484	2.94%	150,874,579	3.62%	34,872,906	23%
AR	88,664,374	1.41%	54,149,582	1.30%	34,514,792	64%
AZ	112,284,806	1.78%	50,379,481	1.21%	61,905,325	123%
CA	374,001,038	5.93%	142,159,124	3.41%	231,841,914	163%
CO	120,870,184	1.92%	86,377,325	2.07%	34,492,859	40%
CT	39,776,581	0.63%	18,080,705	0.43%	21,695,876	120%
DC	277,255	0.00%	988,879	0.02%	(711,624)	-72%
DE	12,164,917	0.19%	6,332,392	0.15%	5,832,525	92%
FL	212,049,013	3.36%	102,385,145	2.45%	109,663,868	107%
GA	177,911,887	2.82%	111,201,172	2.67%	66,710,715	60%
HI	17,674,246	0.28%	17,005,212	0.41%	669,034	4%
IA	63,905,741	1.01%	38,520,797	0.92%	25,384,944	66%
ID	73,603,786	1.17%	45,762,318	1.10%	27,841,469	61%
IL	232,676,496	3.69%	132,798,520	3.18%	99,877,976	75%
IN	171,109,306	2.71%	95,940,992	2.30%	75,168,314	78%
KS	108,124,638	1.71%	70,099,953	1.68%	38,024,685	54%
KY	135,745,247	2.15%	90,263,712	2.16%	45,481,535	50%
LA	129,988,107	2.06%	86,204,286	2.07%	43,783,821	51%
MA	50,239,150	0.80%	21,252,014	0.51%	28,987,137	136%
MD	59,521,230	0.94%	38,207,411	0.92%	21,313,819	56%
ME	55,973,464	0.89%	44,635,362	1.07%	11,338,102	25%
MI	226,017,469	3.58%	107,224,316	2.57%	118,793,153	111%
MN	171,362,757	2.72%	139,745,728	3.35%	31,617,029	23%
MO	237,576,316	3.77%	200,557,868	4.81%	37,018,448	18%
MS	177,282,639	2.81%	156,169,213	3.74%	21,113,426	14%
MT	61,211,769	0.97%	34,097,822	0.82%	27,113,947	80%
NC	222,085,451	3.52%	196,174,469	4.70%	25,910,983	13%
ND	34,223,564	0.54%	23,202,588	0.56%	11,020,976	47%
NE	94,659,847	1.50%	89,805,498	2.15%	4,854,350	5%
NH	36,617,504	0.58%	27,011,538	0.65%	9,605,966	36%
NJ	43,519,567	0.69%	14,834,266	0.36%	28,685,302	193%
NM	65,036,632	1.03%	43,593,001	1.04%	21,443,631	49%
NV	32,348,991	0.51%	31,617,864	0.76%	731,127	2%
NY	168,858,331	2.68%	146,540,411	3.51%	22,317,920	15%
OH	239,439,527	3.80%	126,521,880	3.03%	112,917,648	89%
OK	138,494,786	2.20%	105,928,856	2.54%	32,565,930	31%
OR	61,828,464	0.98%	96,818,652	2.32%	(34,990,188)	-36%
PA	211,636,473	3.35%	140,694,001	3.37%	70,942,472	50%
PR	25,835,212	0.41%	40,426,109	0.97%	(14,590,897)	-36%
RI	11,068,861	0.18%	2,548,839	0.06%	8,520,023	334%
SC	86,521,442	1.37%	48,504,859	1.16%	38,016,583	78%
SD	43,298,725	0.69%	28,026,687	0.67%	15,272,038	54%
TN	148,554,999	2.35%	101,599,070	2.44%	46,955,929	46%
TX	645,064,895	10.22%	392,434,304	9.41%	252,630,591	64%
UT	31,688,382	0.50%	22,390,690	0.54%	9,297,692	42%
VA	190,987,906	3.03%	144,233,401	3.46%	46,754,505	32%
VT	32,499,708	0.52%	25,430,028	0.61%	7,069,680	28%
WA	159,656,894	2.53%	89,354,558	2.14%	70,302,336	79%
WI	140,583,503	2.23%	70,310,986	1.69%	70,272,517	100%
WV	93,744,573	1.49%	80,311,177	1.93%	13,433,396	17%
WY	53,102,947	0.84%	38,402,925	0.92%	14,700,022	38%
Grand Total	6,309,076,190	100.00%	4,171,587,181	100.00%	2,137,489,009	51%



For the charts below and table to the right,
Plan 1 = Custom Plan
Plan 2 = Custom Plan
Benchmarks: 20/25/40 Federal Funding (%): 25/50/100
Res Bmark Differs From Rus Bmrk





Funding Area	Rank - Plan 1	Rank Plan 2	Ranking Effect
Group 1:			
TX	1	1	
MO	4	2	Differs by 2
NC	7	3	Differs by 4
MS	13	4	Differs by 9
AL	11	5	Differs by 6
NY	16	6	Differs by 10
VA	10	7	Differs by 3
CA	2	8	Differs by -6
MN	14	9	Differs by 5
PA	9	10	Differs by -1
IL	5	11	Differs by -6
OH	3	12	Differs by -9
GA	12	13	Differs by -1
Group 2:			
MI	6	14	Differs by -8
OK	20	15	Differs by 5
FL	8	16	Differs by -8
TN	18	17	Differs by 1
OR	33	18	Differs by 15
IN	15	19	Differs by -4
NE	26	20	Differs by 6
KY	21	21	
WA	17	22	Differs by -5
CO	23	23	
LA	22	24	Differs by -2
WV	27	25	Differs by 2
KS	25	26	Differs by -1
Group 3:			
WI	19	27	Differs by -8
AR	28	28	
AZ	24	29	Differs by -5
SC	29	30	Differs by -1
ID	30	31	Differs by -1
ME	36	32	Differs by 4
NM	31	33	Differs by -2
PR	47	34	Differs by 13
WY	37	35	Differs by 2
IA	32	36	Differs by -4
MD	35	37	Differs by -2
MT	34	38	Differs by -4
NV	45	39	Differs by 6
Group 4:			
SD	40	40	
NH	42	41	Differs by 1
VT	44	42	Differs by 2
ND	43	43	
UT	46	44	Differs by 2
MA	38	45	Differs by -7
CT	41	46	Differs by -5
HI	48	47	Differs by 1
NJ	39	48	Differs by -9
DE	49	49	
AK	51	50	Differs by 1
RI	50	51	Differs by -1
DC	52	52	

Federal High-Cost Universal Service Support Requirement - Results Comparison

[redacted]

You may analyze the effect of parameter changes by altering the values for specific states.

State	State-Specific Override						
	Cost Model (1 = BCPM, 2 = HAI)	Lowest BMRK Value (20-80)	Middle BMRK Value (20-80)	Highest BMRK Value (20-80)	FCC % Above Low BMRK Value (0-100)	FCC % Above Upper BMRK Value (0-100)	FCC % Above Upper BMRK Value (0-100)
AK	1	20	25	40	25%	50%	100%
AL	1	20	25	40	25%	50%	100%
AR	1	20	25	40	25%	50%	100%
AZ	1	20	25	40	25%	50%	100%
CA	1	20	25	40	25%	50%	100%
CO	1	20	25	40	25%	50%	100%
CT	1	20	25	40	25%	50%	100%
DC	1	20	25	40	25%	50%	100%
DE	1	20	25	40	25%	50%	100%
FL	1	20	25	40	25%	50%	100%
GA	1	20	25	40	25%	50%	100%
HI	1	20	25	40	25%	50%	100%
IA	1	20	25	40	25%	50%	100%
ID	1	20	25	40	25%	50%	100%
IL	1	20	25	40	25%	50%	100%
IN	1	20	25	40	25%	50%	100%
KS	1	20	25	40	25%	50%	100%
KY	1	20	25	40	25%	50%	100%
LA	1	20	25	40	25%	50%	100%
MA	1	20	25	40	25%	50%	100%
MD	1	20	25	40	25%	50%	100%
ME	1	20	25	40	25%	50%	100%
MI	1	20	25	40	25%	50%	100%
MN	1	20	25	40	25%	50%	100%
MO	1	20	25	40	25%	50%	100%
MS	1	20	25	40	25%	50%	100%
MT	1	20	25	40	25%	50%	100%
NC	1	20	25	40	25%	50%	100%
ND	1	20	25	40	25%	50%	100%
NE	1	20	25	40	25%	50%	100%
NH	1	20	25	40	25%	50%	100%
NJ	1	20	25	40	25%	50%	100%
NM	1	20	25	40	25%	50%	100%
NV	1	20	25	40	25%	50%	100%
NY	1	20	25	40	25%	50%	100%
OH	1	20	25	40	25%	50%	100%
OK	1	20	25	40	25%	50%	100%
OR	1	20	25	40	25%	50%	100%
PA	1	20	25	40	25%	50%	100%
PR	1	20	25	40	25%	50%	100%
RI	1	20	25	40	25%	50%	100%
SC	1	20	25	40	25%	50%	100%
SD	1	20	25	40	25%	50%	100%
TN	1	20	25	40	25%	50%	100%
TX	1	20	25	40	25%	50%	100%
UT	1	20	25	40	25%	50%	100%
VA	1	20	25	40	25%	50%	100%
VT	1	20	25	40	25%	50%	100%
WA	1	20	25	40	25%	50%	100%
WI	1	20	25	40	25%	50%	100%
WV	1	20	25	40	25%	50%	100%
WY	1	20	25	40	25%	50%	100%

Attachment A

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